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[2] A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

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CONFIDENTIAL (FR) June 20, 1969.

MONEY MARKET AND RESERVE RELATIONSHIPS

Recent developments

(1) Short-term and most long-term interest rates moved markedly higher after the last meeting of the Committee, as bank liquidity was further eroded, the prime loan rate at major banks was raised to 8-1/2 per cent, and short-term markets adjusted to expected tax date loan demands. The bill market was also affected by German official sales of Treasury bills reflecting in large part diversion of funds out of marks into the Euro-dollar market. Treasury bill rates are now generally 40-70 basis points higher than at the time of the last Committee meeting. The 3-month bill rate was most recently quoted a little over 6.50 per cent, as compared with a pre-tax date peak of 6.81 per cent and 6.14 per cent at the time of the last meeting. In contrast to the bill market, yields on long-term U.S. Government securities are currently slightly below their end-of-May levels, despite a fairly sharp upward movement at the time of the prime rate hike. Yields in other bond markets, however, have advanced by 20 - 30 basis points.

(2) Interest rates in the market for day-to-day money tightened in the first two statement weeks of June, and moderated from these advanced levels in the subsequent week. Trading in Federal funds frequently occurred at rates of 9-1/2 per cent or higher in the

FINANCIAL MARKET RELATIONSHIPS IN PERSPECTIVE

(Monthly averages and, where available, weekly averages of daily figures)

Period	Money Market Indicators: Free Reserves (In millions of dollars for weeks ending in)	Borrowings	Federal Funds Rate 1/	3-month Treasury Bill	Bond Yields: U.S. Government (20 yr.)	Corporate New Issues (Aaa) 2/	Municipal (Aaa)	Flow of Reserves, Bank Credit and Money, S.A.: Nonborrowed Reserves (In millions of dollars)	Total Reserves	Bank Credit Proxy (In billions of dollars)	Money Supply	Time Deposits 3/
1968--May	- 374	728	6.12	5.66	5.55	6.64	4.28	- 18	+ 44	+ 0.4	+ 1.8	+ 0.5
June	- 386	727	6.07	5.52	5.40	6.65	r 4.21	+ 265	+ 174	+ 1.5	+ 1.3	+ 0.6
July	- 192	523	6.02	5.31	5.29	6.51*	4.12	+ 285	+ 143	+ 2.1	+ 2.0	+ 2.2
Aug.	- 240	577	6.03	5.23	5.22	6.15	4.00	+ 460	+ 475	+ 5.0	+ 0.9	+ 3.4
Sept.	- 146	492	5.78	5.19	5.28	6.27	4.23	+ 134	+ 57	+ 2.0	- 0.8	+ 2.8
Oct.	- 192	458	5.92	5.35	5.44	6.47	4.21	+ 190	+ 175	+ 3.0	+ 0.7	+ 2.9
Nov.	- 255	541	5.81	5.45	5.56	r 6.61	4.33	+ 33	+ 179	+ 2.7	+ 1.7	+ 2.4
Dec.	- 327	743	6.02	5.96	5.88	6.79	4.50	+ 175	+ 269	+ 3.1	+ 1.2	+ 2.4
1969--Jan.	- 491	715	6.30	6.14	5.99	6.92	4.58	- 31	+ 109	- 1.5**	+ 0.6	- 1.8
Feb.	- 580	836	6.64	6.12	6.11	6.91*	4.74	- 142	- 105	- 0.3	+ 0.1	- 1.5
Mar.	- 635	837	6.79	6.02	6.22	r 7.37	4.97	- 167	- 93	- 2.5	+ 0.2	--
Apr.	- 844	1,031	7.41	6.11	6.03	r 7.17	r 5.00	- 217	- 136	+ 1.3	+ 1.7	- 0.2
May p	-1,116	1,359	8.67	6.04	6.11	7.22	5.19	+ 15	+ 360	- 0.6	- 0.4	- 0.7
1969--May 7	-1,120	1,603	8.23	5.97	5.94	7.10	4.95	+ 81	+ 475	+ 0.3	+ 0.6	- 0.1
14	- 910	1,171	8.30	6.02	5.97	7.08	5.10	- 90	- 360	+ 1.9	+ 1.1	--
21	-1,242	1,358	8.91	6.10	6.10	7.28	5.30	- 310	- 101	- 1.4	+ 1.8	- 0.1
28	-1,190	1,303	8.93	6.07	6.35	7.44	5.40	+ 313	+ 221	- 0.6	- 1.1	- 0.1
June 4 p	-1,186	1,522	9.20	6.16	6.40	7.52	5.55	- 140	+ 53	- 1.4	- 0.9	- 0.4
11 p	- 872	1,260	9.13	6.50	6.32	7.75	5.60	+ 111	- 101	+ 0.1	+ 0.7	+ 0.2
18 p	-1,271	1,316	8.54	6.65	6.22	7.71	5.60	- 520	- 501	- 0.9	+ 0.6	- 0.5
	Averages							Annual rates of increase 4/				
Year 1968	- 210	548	5.58	5.36	5.45	6.47	4.20	+ 5.6	+ 7.1	+ 8.6	+ 6.5	+11.3
First Half 1968	- 201	567	5.39	5.29	5.46	6.47	4.16	+ 1.1	+ 4.2	+ 4.1	+ 6.7	+ 5.1
Second Half 1968	- 218	529	5.77	5.42	5.44	6.50	4.22	+ 9.9	+ 9.8	+12.8	+ 6.1	+17.1
Recent variation in growth												
7/3/68 - 12/18/68	- 203	516	5.90	5.34	5.40	6.47	4.21	+ 9.9	+11.8	+14.1	+ 2.3	+18.1
12/18/68 - 6/18/69	- 757	1,016	7.29	6.14	6.11	7.08	4.81	- 6.9	- 2.6	- 4.2	+ 3.6	- 5.1

p - Preliminary. S.A. - Seasonally adjusted.

1/ Average of total number of days in period.
2/ Includes issues carrying 5-year and 10-year call protection, * - issues carry a 10-year call protection.
3/ Time deposits adjusted at all commercial banks.
4/ Base is change for month preceding specified period or in case of weekly periods, the first week shown.

June 20, 1969

first two statement weeks, with the average rate for the period a little above 9-1/8 per cent. Loan demand on banks burgeoned in the weeks immediately prior to the tax date, partly in anticipation of the prime loan rate increase, and major banks financed their needs partly in the Federal funds market. Banks also were financing their needs to a surprisingly large extent through the Euro-dollar market. In the tax payment week itself, the Federal funds rate dropped to 8-1/2 per cent, on average, as borrowings from banks on the tax date proved to be weaker than many banks had prepared for and as the build-up in Euro-dollars continued. Over the three statement weeks ending June 18 the increase in Euro-dollar borrowings amounted to over $3 billion. During this same period banks' use of the discount window averaged $1.4 billion, little changed from May, with a somewhat larger share of the borrowings subject to administrative pressure. Net borrowed reserves averaged $1.1 billion, also about unchanged from the month before.

(3) While Euro-dollar borrowings have been increasing, total member bank deposits have declined steadily since mid-May, both absolutely and relative to projections. The sharp decrease in member bank deposits reflects an increased rate of decline in total time and savings deposits, as the performance of CD's and other time and savings deposits weakened at the higher interest rate levels that developed. Private demand deposits have also shown less strength than earlier anticipated, even

though U.S. Government deposits have fallen off more than we expected.[1/] In general, the weaker than projected private deposit performance may have reflected increased bank efforts to sell securities or restrict loans as their reserve base contracted. While direct evidence is lacking, it is also possible that the weakness in private deposits reflects at least in part outflows of funds from the U.S. to the Euro-dollar market.

(4) The following table provides comparative rates of change for major reserve and deposit aggregates for recent periods.

	July '68-Dec. '68	Jan. '69-Mar. '69	April - May '69
Total reserves	9.8	-1.3	4.9
Nonborrowed reserves	9.9	-5.0	-3.9
Bank credit, as indicated by:			
Proxy	12.8	-5.4	1.4
Proxy plus Euro-dollars	13.0	-2.4	2.0
Total loans and investments (as of last Wednesday of month)	15.0	2.3	6.2
Money supply	6.1	1.9	4.0
Time and savings deposits	17.1	-6.5	-2.7
Savings accounts at thrift institutions	6.4	6.1	3.7

NOTE: Dates are inclusive.

1/ The recent sharp increase in Euro-dollar borrowings has apparently generated a large increase in cash items in process of collection. This has led to some understatement of the June money supply growth. Any subsequent curtailment of the contribution of overnight Euro-dollars to cash items later would lead to an overstatement of money supply growth.

Prospective developments

(5) Now that the June tax period has been weathered, two other tests for financial markets appear imminent. One would be in connection with possible withdrawals of Euro-dollar supplies, partly as a result of window dressing operations by foreign banks and perhaps U.S. corporations, in a period of large deposit shifts among banks and of increased reserve needs to meet lagged requirements from seasonal deposit expansion around mid-June. The other, and probably more important one, related to consequences of the mid-year interest-crediting period at banks and nonbank savings institutions. Withdrawals of domestic savings from these institutions, should they develop in size, would tend to focus pressure on mortgage and municipal markets, and on short-term credit markets generally to the extent that thrift instititions and Federal Home Loan Banks draw on liquid assets to support mortgage commitments. Nonetheless, pressures on the market for day-to-day money may not be quite as great as in early June because business and finance company loan demands on banks should be more moderate, reflecting the passage of peak corporate financing pressures and possibly also the cutback of new bank loan commitment activity that has probably occurred over recent weeks.

(6) Given the shifting locus of market pressures, a generally unchanged set of money market conditions over the next three weeks may include a Federal funds rate fluctuating around 8-1/2 per cent, member bank borrowings in a $1 - $1-1/2 billion range, and net borrowed reserves averaging a little over $1 billion, as specified in the previous Blue Book. The 3-month bill rate may fluctuate widely, perhaps in a range as wide as, or wider than, 6-1/4 - 6-3/4 per cent.

(7) Downward bill rate pressures may be strongest in the last week of June and the first few days of July, when funds received from cash redemptions of June tax bills are reinvested and as the System supplies reserves to accommodate the mid-June seasonal increase in deposits and the July 4 holiday currency outflow. But at prevailing financing costs, dealers are not likely to alter their aversion to holding sizable Treasury bill positions. As a result, bill rates could begin to move upward once the reinvestment demand from tax bill redemptions and System buying passes and as marketing of bills from other sources increases as July goes on. It would appear that savings and loan associations and Federal Home Loan Banks may have to liquidate a sizable amount--perhaps around $1 billion--of short-term assets in adjusting to expected sizable net savings outflows in early July. Moreover, the Treasury is likely to announce a tax bill offering of $3 - $4 billion around mid-July for payment later in the month.

(8) Assuming the bill rate averages around 6-1/2 per cent, or a little below, CD attrition in June should come to around $1-3/4 billion, and could amount to an additional $1-1/4 billion in July. The run-off in the latter month should be smaller relative to June because of the somewhat lower estimated volume of CD maturities. After allowing for the normal seasonal decline in June and rebuilding in July, however, attrition in the two months would not be materially different.

(9) Time deposits other than CD's have recovered sluggishly from their April declines. Experience thus far in June is considerably

weaker than in March, the month just prior to the previous interest-crediting period. And another net decline in these deposits is expected after mid-year--probably greater than in April given the advanced level of market interest rates. Thus, total time and savings deposits, assuming no change in Regulation Q ceilings, may decline at about a 3 - 5 per cent annual rage in June, and the drop-off in July is likely to be even sharper--perhaps at a 7 - 10 per cent annual rate.

(10) The June money supply increase may be in a 4 - 6 per cent annual rate range, which would be below the projection in the last blue book. However, we are currently projecting a sizable money supply expansion on average from June to July--in a 7 - 10 per cent range--as U.S. Government deposits drop sharply despite the expected bill financing late in the month. The increase in private demand deposits in the two months together is estimated at only about one-half of the almost $4 billion decline expected in U.S. Government deposits. Moreover, much of the expected increase in money supply reflects short-run shifts out of Government deposits and would appear to be transitory, in view of the attractiveness of market securities at current interest rate levels.

(11) Given the expected weakness in both time and Government and private demand deposits together, total member bank deposits are projected to drop by an 11 -13 per cent, annual rate, in June and by a further 8 - 11 per cent in July. Under these conditions, banks are

likely to demand additional Euro-dollars, although not as aggressively as in June if loan demands on banks moderate. The sharp run-up of Euro-dollars held by banks in June adds 8 - 10 percentage points to the proxy. In July, about 5 - 7 percentage points may be added, assuming growth of around $1 billion, or less, in the course of July. On balance, we are projecting declines in the proxy adjusted for Euro-dollars at annual rates of 2 - 4 per cent in June and 3 - 5 per cent in July.

(12) An estimated $3 billion of new-type financing arrangements by banks or their affiliates were outstanding as of June 11, according to preliminary reports. These financing arrangements outstanding rose by $770 million from their May 28 level, but it is not clear what proportion of these funds should be considered "bank credit" in light of the similarity of various of the instruments to conventional commercial or finance company paper. A continued increase in such instruments in July, assuming their regulatory status is unchanged, may limit the extent to which banks are forced to liquidate assets or ration loans. But resort to these devices would still be a source of upward interest rate pressures, making it more difficult for other short-term borrowers to raise funds. For instance, the 4 - 6 month commercial paper rate rose from 7-5/8 per cent at the end of May to 8-3/8 per cent most recently, and the spread of this rate above the 6-month bill widened from 115 to 165 basis points.

(13) With bank deposits and reserves declining sharply in June and July, upward interest pressures in both long- and short-term markets are likely to continue. A substantial moderation in over-all credit demands or more of a shift away from inflationary expectations--perhaps accompanied by further stock market declines--could reverse these tendencies, particularly in longer-term markets.

Chart 1

MEMBER BANK RESERVES

MONTHLY AVERAGES OF DAILY FIGURES

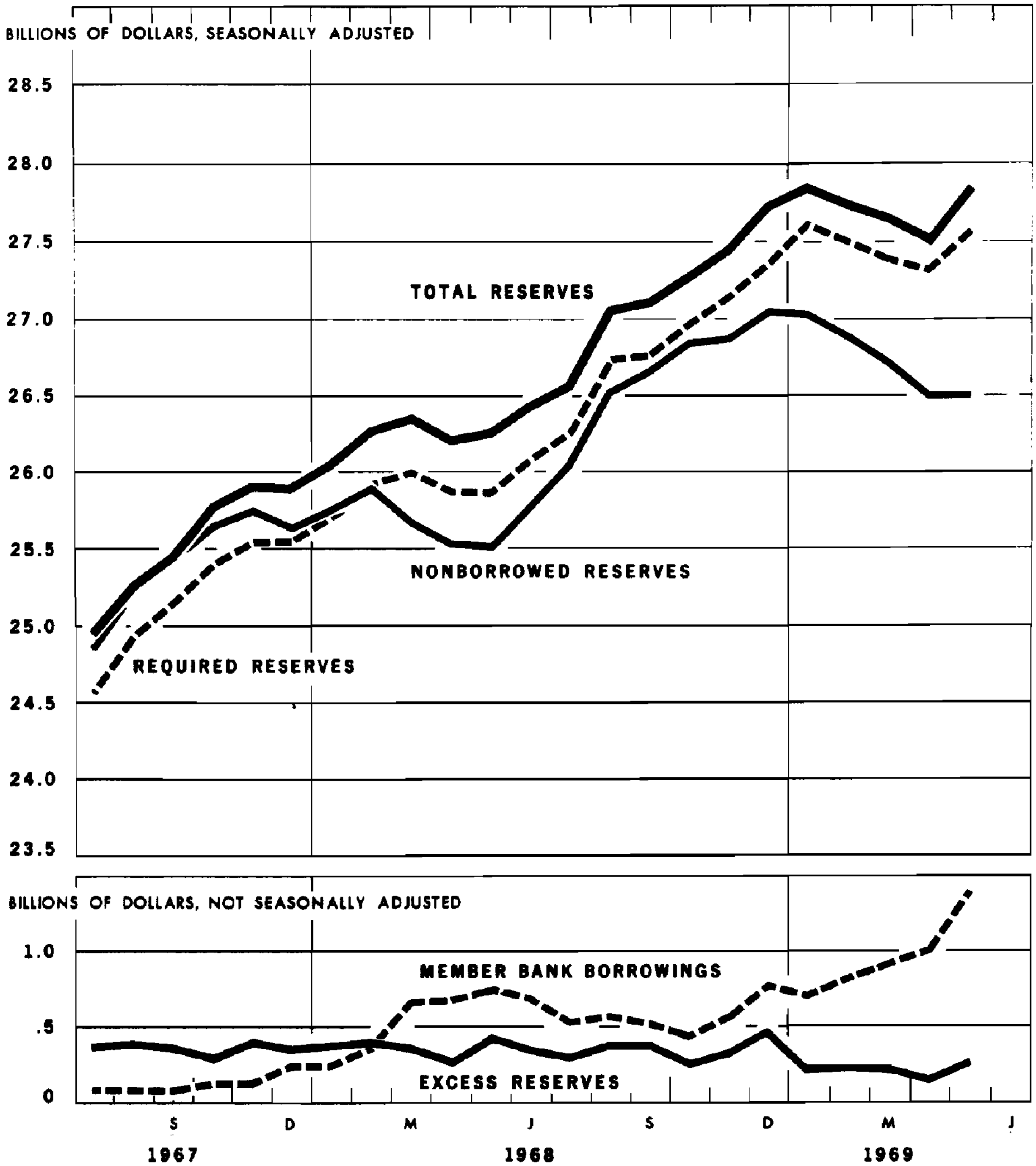

Chart 2

MEMBER BANK DEPOSITS AND LIABILITIES TO OVERSEAS BRANCHES

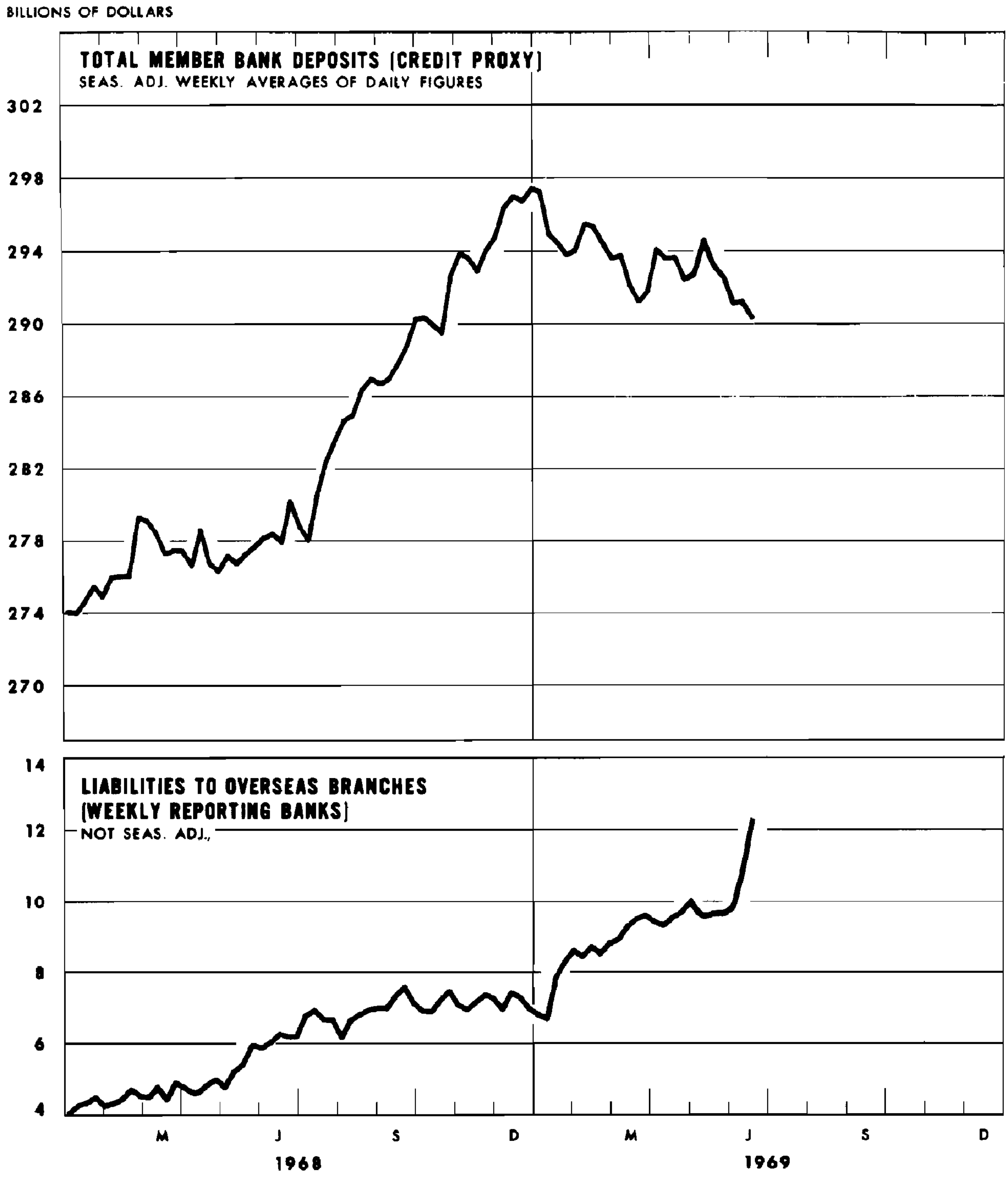

Chart 3

MONEY SUPPLY AND BANK DEPOSITS

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

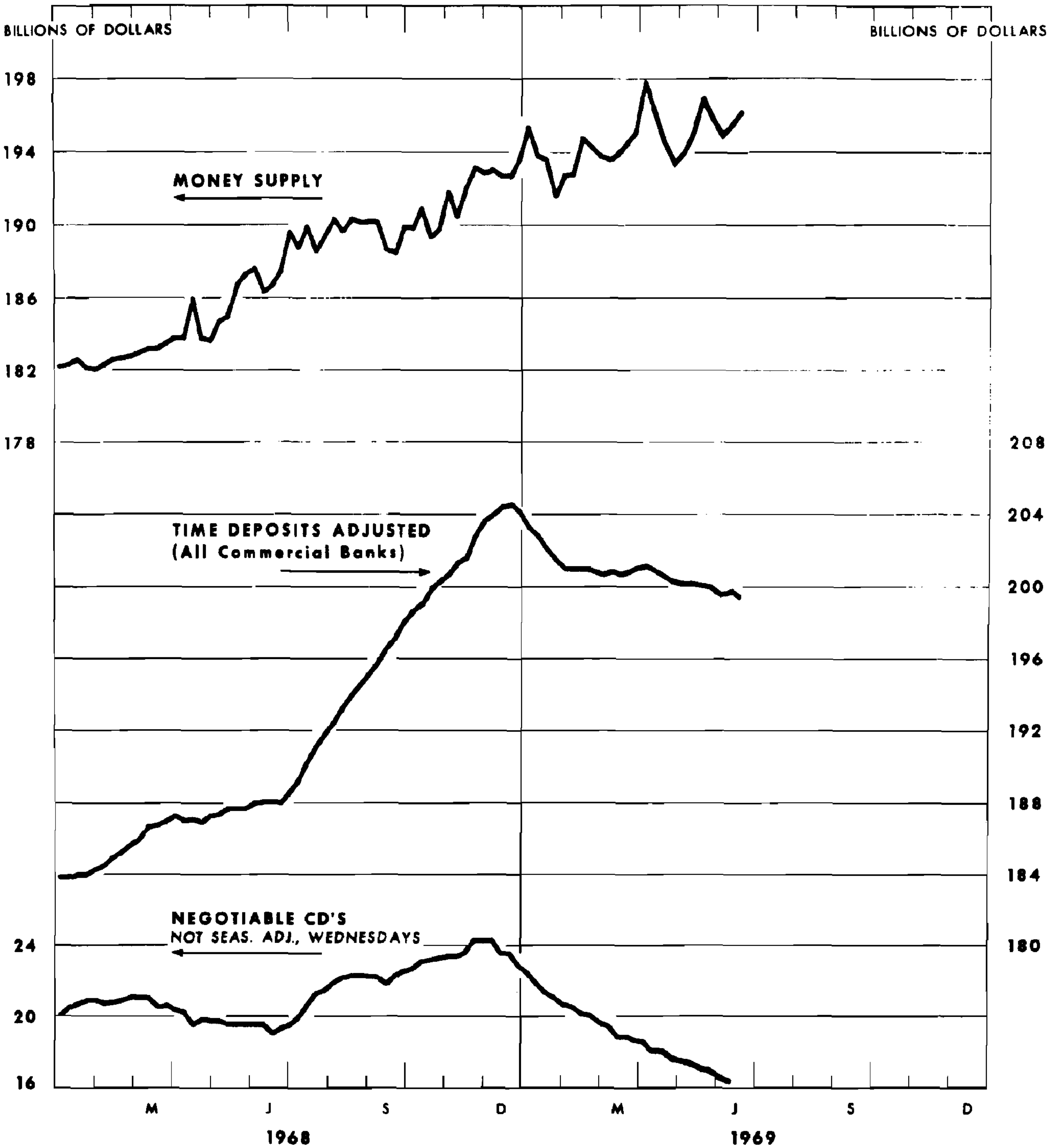

Chart 4

DEMAND DEPOSITS AND CURRENCY

SEASONALLY ADJUSTED WEEKLY AVERAGES OF DAILY FIGURES

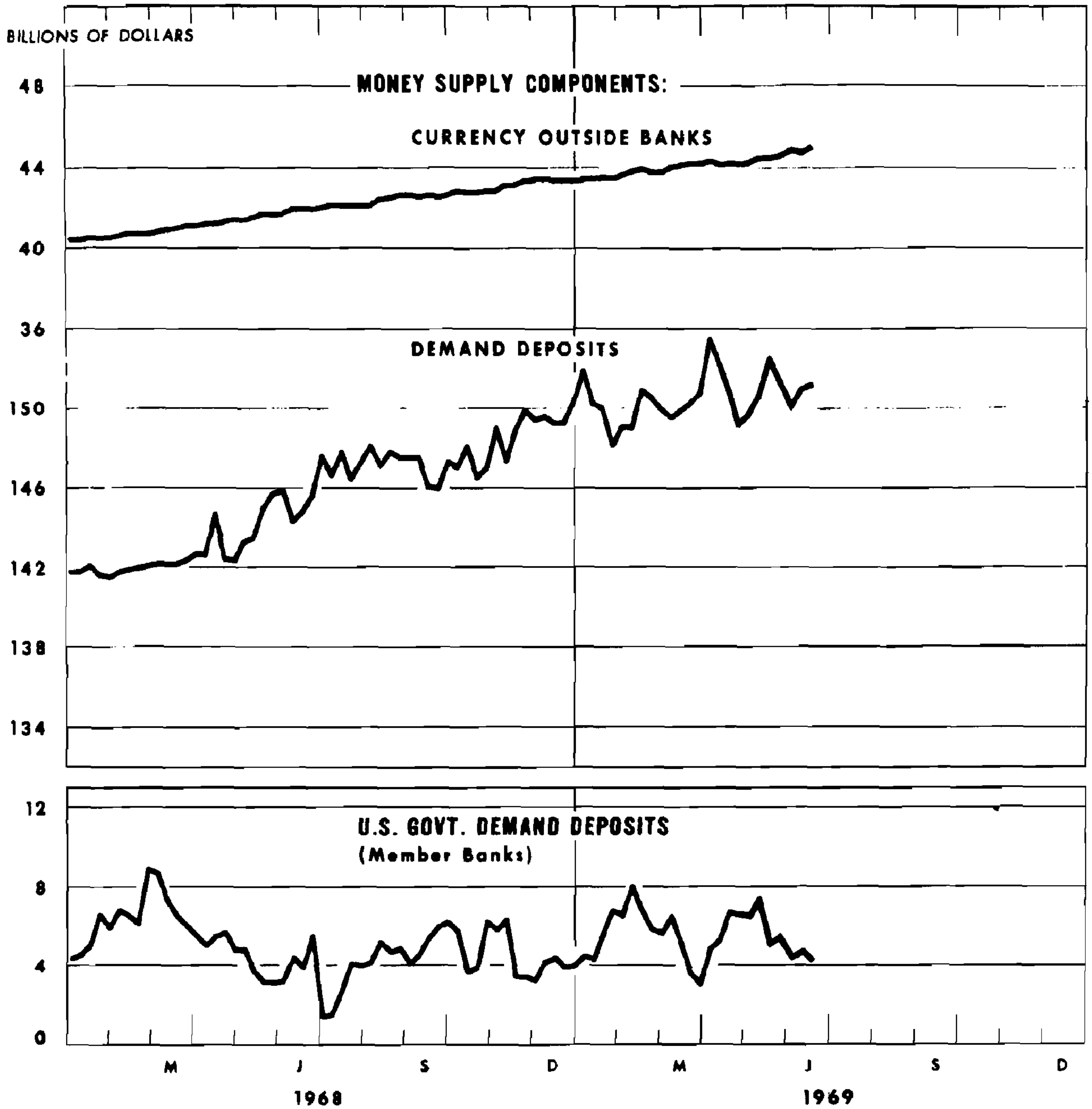

Table 1

MARGINAL RESERVE MEASURES
(Dollar amounts in millions, based on period averages of daily figures)

Period	Free reserves	Excess reserves	Member Banks Borrowings				
			Total	Reserve City			Country
				Major banks		Other	
				8 N.Y.	Outside N.Y.		
Monthly (reserves weeks ending in):							
1968--April	- 341	348	689	56	262	148	223
May	- 374	354	728	65	155	186	322
June	- 386	341	727	72	168	141	346
July	- 192	331	523	13	140	102	268
August	- 240	337	577	195	65	101	215
September	- 146	346	492	125	158	73	136
October	- 192	267	458	81	88	117	172
November	- 255	286	541	65	171	93	212
December	- 270	330	600	134	223	66	177
1969--January	- 477	359	836	131	302	149	253
February	- 580	256	836	62	255	215	304
March	- 635	202	837	58	233	254	293
April	- 844	187	1,031	85	411	260	275
May	-1,116	243	1,359	123	346	397	493
1969--Mar. 5	- 527	207	734	104	112	184	334
12	- 627	248	875	--	342	265	268
19	- 691	85	776	84	168	247	277
26	- 696	268	964	43	309	320	292
Apr. 2	- 886	309	1,195	--	489	335	371
9	- 722	225	947	75	486	144	242
16	- 615	144	759	84	361	140	174
23	- 963	172	1,135	201	428	281	225
30	-1,033	85	1,118	63	290	401	364
May 7	-1,120	483	1,603	146	462	489	506
14	- 910	261	1,171	121	260	385	405
21	-1,242	116	1,358	165	378	360	455
28	-1,190	113	1,303	59	284	353	607
June 4 p	-1,186	336	1,522	43	515	326	638
11 p	- 872	388	1,260	86	371	303	500
18 p	-1,271	45	1,316	--	465	283	568

p - Preliminary.

Table 2

AGGREGATE RESERVES AND MONETARY VARIABLES
Retrospective Changes, Seasonally Adjusted
(In per cent, annual rates based on monthly averages of daily figures)

Period	Reserve Aggregates			Monetary Variables					
					Money Supply				
	Total Reserves	Nonborrowed Reserves	Required Reserves	Total Member Bank Deposits	Total	Currency	Private Demand Deposits	Commercial bank time deposits adjusted	Credit Proxy (Incl. Euro-dollar borrowings)
Annually									
1967	+10.0	+11.5	+10.2	+11.7	+ 6.4	+ 5.5	+ 6.7	+16.1	+11.6
1968	+ 7.1	+ 5.2	+ 7.1	+ 8.6	+ 6.5	+ 7.4	+ 6.2	+11.3	+ 9.5
Quarterly:									
1st Quarter 1968	+ 7.5	+ 0.7	+ 7.1	+ 7.0	+ 4.6	+ 6.9	+ 3.7	+ 7.0	+ 7.4
2nd Quarter 1968	+ 1.0	+ 1.7	+ 1.4	+ 1.2	+ 8.7	+ 8.8	+ 9.0	+ 3.2	+ 3.5
3rd Quarter 1968	+10.4	+13.9	+10.4	+13.1	+ 4.5	+ 6.7	+ 3.6	+17.9	+14.0
4th Quarter 1968	+ 8.6	+ 4.3	+ 8.8	+12.2	+ 7.6	+ 6.6	+ 7.9	+15.7	+11.7
1st Quarter 1969	- 3.0	- 5.0	+ 0.6	- 5.4	+ 1.9	+ 7.4	+ 0.5	- 6.5	- 2.4
Monthly:									
1968--April	- 7.3	- 7.3	- 5.6	- 4.7	+ 5.9	+ 8.8	+ 6.8	+ 2.6	- 3.8
May	+ 2.2	+ 0.6	- 0.6	+ 1.7	+11.7	+ 5.8	+12.6	+ 3.2	+ 5.1
June	+ 8.3	+11.8	+10.4	+ 6.5	+ 8.4	+11.5	+ 7.5	+ 3.8	+ 9.3
July	+ 6.4	+12.6	+ 8.3	+ 9.0	+12.8	+ 5.7	+14.9	+14.0	+10.1
August	+21.9	+21.9	+21.4	+21.4	+ 5.7	+11.4	+ 3.3	+21.4	+22.1
September	+ 2.8	+ 6.8	+ 1.4	+ 8.4	- 5.0	+ 2.8	- 7.3	+17.3	+ 9.4
October	+ 7.6	+ 8.3	+ 9.6	+12.5	+ 4.4	+ 2.8	+ 5.7	+17.7	+11.8
November	+ 6.9	+ 0.3	+ 7.5	+11.1	+10.7	+11.2	+10.6	+14.4	+11.3
December	+11.1	+ 4.2	+ 9.2	+12.7	+ 7.5	+ 5.6	+ 7.3	+14.3	+11.6
1969--January	+ 6.1	+ 3.1	+11.3	- 4.9	+ 3.7	+ 5.5	+ 4.0	-10.6	- 2.0
February	- 4.7	- 6.4	- 4.6	- 1.2	+ 0.6	+ 8.3	- 1.6	- 8.9	+ 2.0
March	- 4.3	- 8.7	- 4.7	-10.2	+ 1.2	+ 8.2	- 0.8	--	- 7.1
April	- 5.9	- 8.5	- 3.1	+ 5.3	+10.5	--	+13.6	- 1.2	+ 6.0
May p	+15.7	+ 0.7	+10.8	- 2.5	- 2.5	+ 8.1	- 5.5	- 4.2	- 2.0

p - Preliminary.

Table 3

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted

(Based on monthly averages of daily figures)

Period	Reserve Aggregates			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy (Incl. Euro-dollar borrowings
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits 1/	U.S. Gov't. demand deposits	Total	Currency 2/	Private demand deposits 3/		
	(In millions of dollars)			(In billions of dollars)								
Monthly:												
1968--Jan.	26,064	25,748	25,704	274.7	149.9	119.4	5.4	182.3	40.6	141.7	184.1	279.0
Feb.	26,273	25,884	25,910	277.0	150.2	119.7	7.1	182.7	40.7	141.9	185.2	281.5
Mar.	26,363	25,667	25,990	278.0	151.2	120.1	6.7	183.4	41.1	142.2	186.7	282.6
Apr.	26,202	25,510	25,868	276.9	151.3	120.4	5.2	184.3	41.4	143.0	187.1	281.7
May	26,250	25,523	25,856	277.3	151.5	122.1	3.7	186.1	41.6	144.5	187.6	282.9
June	26,432	25,774	26,080	278.8	151.8	123.2	3.9	187.4	42.0	145.4	188.2	285.1
July	26,574	26,045	26,261	280.9	153.8	124.3	2.7	189.4	42.2	147.2	190.4	287.5
Aug.	27,058	26,520	26,729	285.9	156.5	124.6	4.8	190.3	42.6	147.6	193.8	292.8
Sept.	27,121	26,670	26,761	287.9	158.9	123.6	5.3	189.5	42.7	146.7	196.6	295.1
Oct.	27,293	26,855	26,974	290.9	161.5	124.5	5.0	190.2	42.8	147.4	199.5	298.0
Nov.	27,451	26,861	27,142	293.6	163.5	125.4	4.7	191.9	43.2	148.7	201.9	300.8
Dec.	27,705	26,956	27,350	296.7	165.8	126.7	4.2	193.1	43.4	149.6	204.3	303.7
1969--Jan.	27,845	27,025	27,608	295.1	163.2	126.6	5.3	193.7	43.6	150.1	202.5	303.0
Feb.	27,737	26,882	27,502	294.8	161.0	127.2	6.7	193.8	43.9	149.9	201.0	303.5
Mar.	27,637	26,688	27,394	292.3	160.5	126.9	4.8	194.0	44.2	149.8	201.0	301.7
Apr.	27,501	26,499	27,324	293.6	160.1	127.6	5.8	195.7	44.2	151.5	200.8	303.2
May p	27,861	26,514	27,571	293.0	159.3	127.8	5.9	195.3	44.5	150.8	200.1	302.7

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.

2/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.

3/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances at Federal Reserve Banks.

4/ Excludes interbank and U.S. Government time deposits.

p - Preliminary.

AGGREGATE RESERVES AND MONETARY VARIABLES
Seasonally Adjusted
(Based on weekly averages of daily figures)

Period	Reserve Aggregates			Member Bank Deposits Supported by Required Reserves				Money Supply			Commercial bank time deposits adjusted 4/	Credit Proxy (Incl. Euro dollar borrowings
	Total reserves	Nonborrowed reserves	Required reserves	Total member bank deposits	Time deposits	Private demand deposits 1/	U.S. Gov't. demand deposits	Total	Currency 2/	Private demand deposits 3/		
	(In millions of dollars)					(In billions of dollars)						
Weekly:												
1969--Jan. 1	28,096	27,176	27,620	297.4	165.5	127.9	4.0	193.7	43.4	150.3	204.1	304.1
8	27,778	27,070	27,536	297.2	164.4	128.2	4.5	195.4	43.5	151.9	203.3	303.9
15	28,027	27,289	27,802	294.9	163.9	126.7	4.3	193.8	43.5	150.2	202.8	302.8
22	27,910	27,103	27,697	294.4	162.8	126.0	5.6	193.6	43.6	150.0	202.1	302.7
29	27,682	26,671	27,454	293.8	162.1	124.9	6.8	191.6	43.5	148.1	201.5	302.4
Feb. 5	27,666	26,837	27,407	294.1	161.4	126.2	6.5	192.8	43.7	149.1	201.0	302.5
12	27,593	26,844	27,412	295.5	161.1	126.3	8.0	192.9	43.9	149.0	201.0	304.2
19	27,707	26,638	27,439	295.3	160.8	127.7	6.8	194.8	44.0	150.9	201.0	303.8
26	27,913	27,157	27,684	294.4	160.6	128.0	5.8	194.3	43.8	150.5	200.9	303.2
Mar. 5	27,919	27,035	27,637	293.6	160.4	127.6	5.6	193.8	43.8	149.9	200.7	302.6
12	27,710	26,785	27,410	293.8	160.6	126.7	6.5	193.6	44.1	149.5	200.9	303.1
19	27,461	26.680	27,366	292.1	160.5	126.6	5.1	194.0	44.2	149.9	200.7	301.6
26	27,611	26,600	27,353	291.2	160.7	126.9	3.6	194.6	44.3	150.3	200.9	300.8
Apr. 2	27,535	26,345	27,226	291.8	160.7	128.1	3.0	195.2	44.3	150.8	201.1	301.2
9	27,264	26,370	27,084	294.1	160.6	128.7	4.9	197.9	44.4	153.5	201.2	303.4
16	27,301	26,549	27,196	293.6	160.2	128.1	5.3	196.4	44.2	152.1	200.9	303.2
23	27,745	26,630	27,560	293.7	160.1	126.9	6.7	194.6	44.3	150.3	200.6	303.4
30	27,683	26,490	27,483	292.4	159.8	126.0	6.6	193.4	44.2	149.2	200.3	302.4
May 7	28,119	26,666	27,611	292.7	159.6	126.6	6.5	194.0	44.3	149.7	200.2	302.3
14	27,758	26,576	27,484	294.6	159.4	127.8	7.3	195.1	44.5	150.6	200.2	304.2
21	27,657	26,266	27,481	293.2	159.3	128.8	5.1	196.9	44.5	152.4	200.1	302.8
28	27,878	26,579	27,750	292.5	159.1	128.1	5.3	195.8	44.6	151.2	200.0	302.2
June 4 p	27,931	26,439	27,470	291.1	158.8	128.0	4.4	194.9	44.9	150.1	199.6	300.9
11 p	27,830	26,550	27,382	291.2	158.8	127.8	4.7	195.6	44.7	150.9	199.8	302.1
18 p	27,329	26,030	27,251	290.3	158.3	127.8	4.2	196.2	45.0	151.2	199.3	302.6

1/ Private demand deposits include demand deposits of individuals, partnerships, and corporations and net interbank deposits.
2/ Includes currency outside the Treasury, the Federal Reserve, and the vaults of all commercial banks.
3/ Includes (1) demand deposits at all commercial banks, other than those due to domestic commercial banks and the U.S. Government, less cash items in process of collection and Federal Reserve float; and (2) foreign demand balances at Federal Reserve Banks.
4/ Excludes interbank and U.S. Government time deposits.

p - Preliminary.

Table 5

SOURCE OF FEDERAL RESERVE CREDIT
Retrospective Changes
(Dollar amounts in millions of dollars, based on weekly averages of daily figures)

Period	Total Federal Reserve credit (Excl. float)	U.S. Government securities: Total holdings	U.S. Government securities: Bills 1/	U.S. Government securities: Other	U.S. Government securities: Repurchase agreements	Federal Agency Securities	Bankers' acceptances	Member banks borrowings
Year:								
1967 (12/28/66-12/27/67)	+4,718	+5,009	+4,433 (--)	+1,153	- 577	- 19	- 69	- 203
1968 (12/27/67-12/26/68)	+3,757	+3,298	+2,143 (--)	+1,176	- 21	- 3	- 52	+ 514
Weekly:								
1969--Feb. 5	- 69	+ 77	+ 69 (+ 307)	--	+ 8	--	+ 1	- 147
12	+ 242	+ 146	-- (+ 50)	--	+ 146	+ 13	+ 28	+ 55
19	+ 631	+ 306	+ 55 (- 68)	--	+ 251	+ 15	+ 65	+ 245
26	- 638	- 292	- 69 (+ 54)	+ 85	- 308	- 20	- 39	- 287
Mar. 5	- 120	- 63	- 69 (--)	--	+ 6	+ 2	- 36	- 23
12	+ 34	- 87	- 89 (--)	+ 74	- 72	- 7	- 13	+ 141
19	+ 45	+ 105	- 123 (--)	+ 82	+ 146	+ 9	+ 30	- 99
26	+ 70	- 109	- 109 (--)	+ 11	- 11	+ 2	- 11	+ 188
Apr. 2	+ 357	+ 103	+ 51 (--)	--	+ 52	+ 10	+ 13	+ 231
9	- 113	+ 146*	+ 57 (- 7)	--	- 7	- 9	- 2	- 248
16	- 380	- 143*	- 559 (- 533)	--	- 211	- 15	- 34	- 188
23	+ 773	+ 319*	+ 819 (+ 460)	--	+ 223	+ 20	+ 58	+ 376
30	+ 347	+ 284	+ 280 (+ 80)	--	+ 4	+ 56	+ 24	- 17
May 7	+ 794	+ 345	+ 41 (--)	--	+ 304	- 25	- 11	+ 485
14	- 293	+ 118	+ 66 (- 156)	--	+ 52	+ 18	+ 3	- 432
21	+ 149	- 39	+ 190 (+ 156)	+ 27	- 256	+ 9	- 8	+ 187
28	+ 259	+ 307	+ 243 (--)	+ 96	+ 32	+ 21	- 14	- 55
June 4p	+ 440	+ 308	+ 351 (--)	+ 73	- 116	- 50	- 37	+ 219
11p	- 36	+ 256	+ 284 (- 71)	--	- 28	- 20	- 10	- 262
18p	- 17	- 33	+ 118 (- 309)	--	- 151	- 29	- 11	+ 56

1/ Figures in parenthesis reflect reserve effect of match sale-purchase agreement.

* - Includes effect of changes in special certificates of $+96 million of the week of April 9, $+627 million of the week of April 16, and $-723 million of the week of April 23.

p - Preliminary.

Table 6

MAJOR SOURCES AND USES OF RESERVES
Retrospective and Prospective Changes
(Dollar amounts in millions, based on weekly averages of daily figures)

Period	Factors affecting supply of reserves: Federal Reserve credit (excl. float) 1/	Gold stock	Currency outside banks	Treasury operations	Float	Foreign deposits and gold loans	Other nonmember deposits and F.R. accounts	= Change in total reserves	= Bank use of reserves: Required reserves	Excess reserves
	(Sign indicates effect on reserves)									
..7 (12/28/66-12/27/67)	+4,718	- 725	-2,305	- 85	- 389	- 7	+ 316	+1,522	+1,517	+ 5
1968 (12/27/67-12/25/68)	+3,757	-2,067	-3,221	+ 928	+1,309	- 67	+ 869	+1,508	+1,563	- 55
Weekly:										
1969--Apr. 2	+ 357	--	+ 54	+ 50	- 272	+ 25	- 97	+ 121	+ 80	+ 41
9	- 113	--	- 93	+ 119	+ 231	- 15	- 270	- 144	- 60	- 84
16	- 380	--	- 186	+ 380	+ 44	+ 29	+ 130	+ 17	+ 98	- 81
23	+ 773	--	- 166	- 427	+ 660	+ 5	+ 119	+ 964	+ 936	+ 28
30	+ 347	--	+ 602	- 194	- 741	+ 2	+ 61	+ 77	+ 164	- 87
May 7	+ 794	--	- 99	+ 16	- 18	- 40	- 100	+ 553	+ 155	+ 398
14	- 293	--	- 270	- 42	- 120	+ 32	+ 288	- 404	- 182	- 222
21	+ 149	--	- 450	+ 141	+ 295	- 4	- 167	- 34	+ 111	- 145
28	+ 259	--	+ 155	+ 128	- 350	+ 8	- 242	- 43	- 40	- 3
June 4 p	+ 440	--	- 346	- 108	+ 188	+ 18	- 306	- 115	- 338	+ 223
11 p	- 36	--	- 78	- 217	+ 140	+ 3	- 20	- 207	- 259	+ 52
18 p	- 17	--	- 388	- 354	+ 75	--	+ 261	- 423	- 80	- 343
PROJECTED 2/										
1969--June 25	- 215	--	+ 120	- 105	+ 30	--	+ 50	- 120	- 120	--
July 2	+ 250	--	- 110	+ 200	- 100	--	--	+ 240	+ 240	--
9	+ 350	--	- 290	--	+ 75	--	--	+ 135	+ 135	--
16	+ 185	--	- 290	--	--	--	+ 100	- 5	- 5	--
23	- 455	--	--	--	+ 150	--	+ 130	- 175	- 175	--

1/ For retrospective details, see Table 5.
2/ See reverse side for explanation.
p - Preliminary.

Explanation of Projections in Table 6

1. Changes in Federal Reserve credit indicate reserves needed to offset projected changes in required reserves and factors affecting the supply of reserves.

2. Projected changes in currency outside banks reflect seasonal movements plus an allowance for growth of about $50 million per week.

3. Projected effects of Treasury operations, included in "technical factors," reflect scheduled and assumed calls in current two weeks and maintenance of Treasury balances with Federal Reserve at $1.0 billion, thereafter.

4. Projected changes in required reserves assume the existing net reserve position of banks and the structure of interest rates in the market, as well as the current economic outlook. On the basis of these assumptions, projections reflect expected movements in bank credit and money in the period ahead, including the effects of such elements as the public's loan demand, repayments of previous loans, banks' investment preferences and willingness to supply loans, banks' desires and abilities to obtain time and savings deposits, and the Government's financing needs. The projections thus encompass normal seasonal developments, temporary bursts of loans demand and expected associated repayments not currently reflected by the seasonals, and whatever cyclical and growth demands for money and credit are expected in the projection period. Assumed Treasury financing operations include: $-4.1 billion, June 23; $4.0 billion, July 23.